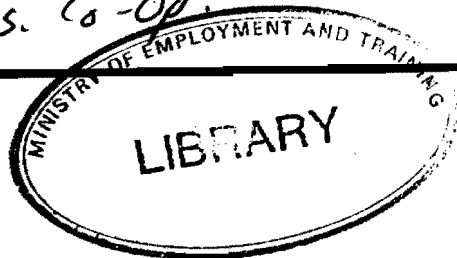


Co-OPERATOR,
Gay Publics. Co-op.

B Hartnett



CO-OPERATIVE

(voc.)

REVIEW

THREE NEW CO-OPERATIVES FUNDED



Gay Publications Co-operative

Three operational co-operative businesses recently joined the Co-operative Development Programme. (C.D.P.) They are:

- Backyard Press, an offset printing Co-operative
- Gay Publications Co-operative, publishers of *OutRage*, a new magazine for lesbians and gay men; and
- 3PBS, a St. Kilda based co-operatively run progressive music radio station.

Backyard Press began in 1978 with a staff of two and an annual turnover of around \$15,000. By mid 1982 it had a sales turnover of \$250,000 produced by six full time and two part time staff. However, problems of undercapitalisation persisted. Some of those problems should be allayed with their \$70,000 grant from the Ministry of Employment and Training.

Much of the work done at Backyard Press is generated from the entertainment industry. They offer a range of small offset services as well as large offset poster work to the size of 1000mm x 1400mm. An example of this uncommon size could be seen with the enormous posters they printed for Circus Oz' recent season at Princes Park.

From inception, Backyard Press has been a collectively run small business along the lines of a workers co-operative. New staff begin by working on a specific task or in part time employment and move into other areas as experience permits. This mobility is encouraged for job satisfaction, to facilitate collective decision making and as a means of enabling all workers to gain an overall understanding of the co-operative. Back-

yard Press are looking forward to developing links within the co-operative movement and can be contacted on 51 3202.

Gay Publications Co-operative released the first edition of their new magazine *OutRage* at a spectacular launching on March 31st, 1983. Whilst *OutRage* is new the publishing group itself has been operating for several years and previously published *Gay Community News*. Gay Publications Co-operative received a grant of \$70,000 which will provide the resources for the group to produce a professional looking magazine with some paid staff, an office and better organisation.

The Co-operative found suitable offices within two weeks of receiving funding but were subject to anti-homosexual discrimination and could not move in. The trouble began when, subsequent to receiving owner and agent approval to move, an existing tenant objected to sharing tenancy with a gay group. Negotiations were suddenly terminated. *OutRage* have taken the case to the anti-discrimination board and the result was passed down in favour of the co-operative. Despite this win, the group is still without premises since the owner had, meanwhile, let the space.

The magazine intends to cover news for and about lesbians and gay men and sells for \$1.50. Until *OutRage* has premises of its own, the staff can be reached at the offices of Correctline Graphics on 417 1766.

The funding of 3PBS-FM brings another public broadcasting station into the C.D.P.. Like 3CCC in Harcourt, Central Victoria, 3PBS-FM is a co-operatively run radio station. Before receiving a grant of \$78,000 the group was only able to pay

one staff member — a station manager. Now they hope that more staff will co-ordinate and increase volunteer assistance, and improve internal organisation. The money will also be used to buy much needed technical equipment for the station.

3PBS was formed to provide an alternative to the existing media and their prime aim is to broadcast high quality contemporary music, with particular emphasis on Australian content.

Subscribers built, own and run 3PBS. The station actively encourages involvement from individuals and groups in the community and welcomes new subscribers.

For details of programming or information about the station, phone 534 8355.

CANADA

Planning a Co-op Ministry

A call for the Federal Government of Canada to establish a ministry of co-operative and community development has been made by Jim Coutts, a former principal secretary to Prime Minister Trudeau.

Mr. Coutts, a key member of the national Liberal Party policy committee said to a meeting of the Ontario Teachers' Association that volunteer organisations, including the credit union and co-operative movements had provided Canadians with an opportunity to be innovative in creating and reforming economic and social institutions.

He acknowledged the "people-orientation" of co-operative institutions provided financial as well as housing alternatives, and educational and natural resource development opportunities to Canadians through organisations like the Co-operative College of Canada and Co-Enenco.

JAPAN

Computerization of Agricultural Co-operatives

Of a total of 4,473 multipurpose agricultural co-operatives throughout Japan, 3,920 co-operatives, or 87.6 percent, are employing electronic computers in some way or another. Of those co-operatives, about 90 percent have entrusted computerized data processing to other organizations - mostly prefectural unions of agricultural co-operatives and prefectural computer centers set up jointly by agricultural co-operatives.

Credit business is handled simultaneously on a real basis at 6,984 shops of 1,678 agricultural co-operatives in 40 prefectures, testifying to rapid progress in the computerization of affiliated co-operatives. As regards economic business, basic plans for systematization have been mapped out on a prefecture-by-prefecture basis for joint, systematic use of computers.

INTERNATIONAL NEWS

ENGLAND

Co-operative Development Course

The Department of Sociology of the University of Surrey, is very much involved in Development and Co-operative development, and has organized a complete course on Producer Co-operative Development. The length of this course will be one year and open to post-graduates in social sciences.

The objective of the course is to make students familiar with models of development currently in use, emphasizing the theory of co-operative development. The course will also develop an insight into the role of Producer Co-operatives in developing and developed countries.

The course will prepare students to deal with co-operative activities in a practical life situation and will serve as a starting point for further research.

Guild Centenary Honoured

The next meeting of the Women's Committee of the ICA will be held by kind invitation of the Co-operative Union Ltd, at Worthing in England on 11th and 12th May.

It will be held at the same time as the Centenary Congress of the English and Welsh Co-operative Women's Guild. This will be preceded by a service in Westminster Abbey, London, to mark the Guild's Centenary. H.M. The Queen will be present and the address will be given by the Archbishop of Canterbury.



GOVERNMENT GRANTS AND LOANS

The Income Tax Assessment Act applies to Co-operative business enterprises in exactly the same way as other private- or publicly-owned firms.

It is not necessarily enough to have "non-profit" rules as part of your Co-operative objectives for the Taxation Commission to regard you as a "non-taxable" entity.

Each and every Co-operative business will need to seek advice and a written decision from the Taxation Department as to whether they are a taxable entity or not.

Non-Taxable Possibilities

Some Co-operatives may meet the non-taxable tests if their objects and operations coincide with the sections of the Act which state:

(A non-profit company means)...
"...a company that is not carried on for the purposes of profit or gain to its individual members and is, by the terms of the company's constituent document, prohibited from making any distribution, whether in money, property or otherwise, to its members..." (Sec. 3(1))
(Exempt-from-tax Income is)...
"...the income of a society or association not carried on for the purpose of profit or gain to the individual members thereof, established for the purpose of promoting the development of... the agricultural, pastoral, horticultural, viticultural, manufacturing or industrial resources of Australia." (Sec. 23 (h)).

Business Enterprises

As a general observation, where money is received "in relation to the carrying-on of a business", then the Taxation Act defines any money "received" by such business as "assessable income".

It matters not from what source money is received nor to what end-use it is put: it is all "assessable income".

Specifically, grants from Government are defined as assessable income in Section 26(g):-

"any bounty or subsidy received in or in relation to the carrying on of a business, ...and such bounty or subsidy shall be deemed to be part of the proceeds of that business;..."

It is fairly obvious that since the Ministry is at pains to fund "business enterprises" then, unless a particular

Co-operative is exempted under the non-taxable provisions, income by way of Ministry grants will be treated as assessable income.

Whilst a "loan" may be a receipt of money, it is not, however, "income".

Grants Versus Loans

Whilst there are many arguments espousing the merits and problems of grants and loans, the immediacy of the taxation effects has dictated that the Ministry institute funding practices which do not artificially create taxation liabilities.

Thus, it has been necessary to recognise that funds should be provided according to the planned end-use.

The end-use is broken into two main categories:

- (1) Deductible expense funding; and
- (2) Capital funding.

Grants

Funding of deductible expenses is planned so that Government funds do not, of themselves, create a tax liability.

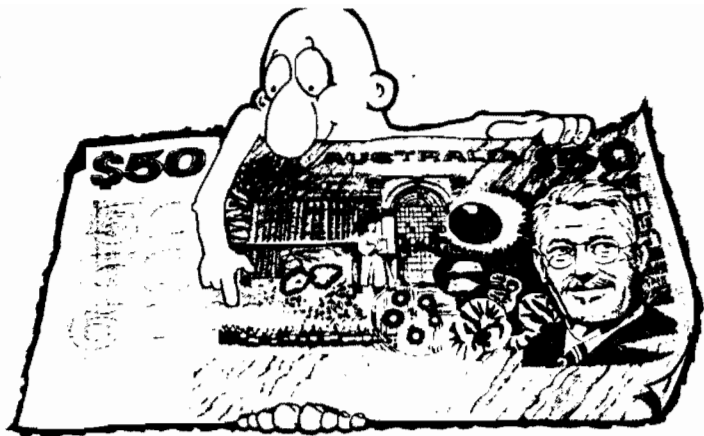
Since business expenses are "deductible" from income for the calculation of tax liability, Government funds can be provided as "grants", which will be treated as "assessable income", against which the expenses can be charged.

The level of grant funds therefore, should be just sufficient to offset any losses which may otherwise occur; ideally, the profit and loss statement will show zero net income for tax purposes: no profit, no loss.

The Ministry has also recognised that the provision of grant funds "in advance" has some dangers, as one approaches the end of a Co-operative's financial year.

Clearly, if grants are paid to a Co-operative prior to, say, June 30, for deductible expenses expected after July 1st, then there is no deduction against that grant income in the current financial year.

Whilst such future expenses MAY be incurred, there is no "liability" brought to account, which can be charged against the grant income; there is only the expectation of an expense.



Correct tax accounting treatment therefore is that income is assessable in the year of receipt and expenses are allowable in the year incurred. So "unexpected grant funds" may NOT be deducted from the whole grant received for the calculation of current-year taxable income.

This effect will necessitate that, as far as possible, the Ministry will not fund in advance, so as to avoid spanning the end of a group's financial year.

Loans

As stated above, funds provided as grants to finance current — or fixed — assets would be regarded as assessable income when received.

In the case of current asset funding, (e.g. stocks or debtors), there is NO tax deduction against that income.

In the case of fixed asset funding, (e.g. plant, cars, office equipment), the only deductions are depreciation and investment allowances (if any).

These effects are only overcome when invested funds are treated as "capital", that is, when they are provided as shareholders' equity or by way of borrowings.

Ministry funds, identified for these end-uses, will therefore be provided as loans.

Security for such loans, interest rates, and repayment terms will be a policy matter and may be amended from time to time.

The current policy has been established to recognise the time which may be necessary for a new business to reach income levels which will allow repayment, without endangering their financial soundness.

It should be recognised, however, that whilst there are benefits, by way of enhanced cash flow, in the present loans policy, such loans will appear as "unsecured loans" in your Balance Sheet.

These "unsecured loans" may make a particular business potentially unattractive from a commercial lender's point-of-view.

Still — you can't have it both ways!

TREVOR BALDOCK, Ministry of Employment and Training.

FREEDOM OF INFORMATION

Most co-operative members are aware that a new Freedom of Information Bill will soon be in operation but probably few are aware of its terms of operation. This information, from the Premier's Department explains some of the aspects covered.

Victoria's Freedom of Information Act (No. 9859) will operate from 5 July, 1983. It is part of the world-wide movement towards open government, reflected in Australia by Freedom of Information (FOI) legislation in Victoria and the Commonwealth. The Victorian Act was passed by Parliament on 16 December, 1982. Until the legislation becomes operative access to documents may be obtained under an FOI Code introduced by the Premier, John Cain, in April 1982. The legislation is complex and this publication should be read as a general guide only. More detailed information will be published within the next few months as procedures for handling FOI requests are worked out.

What Is FOI?

The FOI Act embodies four basic principles:

- That government Departments and Agencies should publish information concerning their functions and operations in order to make members of the public more aware of the operations of government.
- That members of the public have a legally enforceable right of access to government information.
- That people have a legally enforceable right of access to their own personal records, or other documents relating to their personal affairs, held by government organisations covered by the FOI Act. Where a document relating to personal affairs contains wrong or misleading information a person may use the Act to have that information corrected or removed.
- That people have a right of appeal against a decision not to grant access or not to amend a personal record.

The Act reflects the view that the community has a right to be fully informed about the workings of government. People have a "right to know": they don't have to show they *need* to know.

What Organisations are Involved?

The Act covers documents in the possession of Ministers, government departments, semi-government authorities, the

Victoria Police, universities and Colleges of Advanced Education, schools, public hospitals, and a wide range of other government-funded organisations. It does not cover municipalities, which it is expected will be covered by separate legislation.

What Documents Will the Public Have Access to?

The information now held by government agencies in documentary form with certain exclusions and exemptions will be available under the FOI Act. This includes files, reports, manuals of procedure and other documents in the possession of the agency. It also includes information held on microfiche, video tapes, computer tapes and other 'non-printed' documents. In many cases people will be able to buy copies of documents to take away with them.

FOI procedures cannot be used to obtain access to library reference material; documents relating to the judicial functions of a court; documents available from the Public Record Office; or documents over 5 years old (there is no time limit on personal records). Documents already available in another form (eg. Birth Certificates, Annual Reports) are not covered by this legislation.

Who Decides Whether a Document Can Be Released?

The responsibility for the release or withholding of documents of an Agency lies with the principal officer of that Agency. He or she can delegate this power, and most organisations are likely to appoint an FOI Manager who will need to become very familiar with the provisions of the FOI Act and with the record-management systems of his/her own organisation. Government Ministers are responsible for the release of official documents in their possession. The Act states a maximum time limit of 45 days from receipt of the request, for reaching a decision on whether or not to release a document.

Can People Have Access to all Official Documents?

No. The Act lists several classes of documents which are exempt from release under the FOI legislation. These are:-

- Cabinet documents,
- Certain documents relating to inter-government relations.
- Internal working documents,
- Law enforcement documents,

- Documents covered by legal-professional privilege,
- Documents relating to the personal affairs of a third person,
- Documents dealing with trade secrets,
- Documents containing information given in confidence to an Agency,
- Documents affecting the economy of Victoria, or financial or personnel Management,
- Documents relating to the operation of the National Companies and Securities Commission,
- Documents protected from release by secrecy provisions of other Acts.

The legislation provides that documents can be edited before release to remove exempt material. Government Agencies can release exempt material where they consider it appropriate to do so.

How Will People Know What to Ask For?

Organisations will need to publish information about the documents they hold and arrangements for doing this are presently being worked out. People making an FOI request will need to do so in writing, and to give sufficient information to enable the documents they want to be identified: and agencies will have an obligation to help them do this.

Can People Appeal Against FOI Decisions?

Yes. Depending on the circumstances, people who object to the non-release of documents can appeal to the principal officer of the organisation, and then if not satisfied, to the County Court.

Can People be Sued for Releasing Information?

The Act provides protection against legal action for defamation or breach of confidence for employees of agencies and the authors of documents held by agencies which are released under the FOI Act.

Will People Have to Pay for Access?

In most cases, yes. Charges will be set by regulation. The Act states a ceiling of \$100 per request except in cases involving computer-stored data, where the charge may be higher.

People must be notified where the cost is likely to exceed \$25.

Further Information

For further information on FOI matters, contact the FOI Manager of the government Agency concerned.

CO-OPERATE FOR BETTER HOUSING

"Co-operative housing has been successful on a significant scale in other countries only when the State has created an appropriate loan and subsidy system."

That quote comes from a British report which was setting down legislative changes needed to introduce co-operative housing as a third sector in its own right, distinct from both public and private housing.

The report continues: "This is unsurprising when it is recognised that most forms of housing, both in this country and abroad, are State aided, whether this aid takes the form of capital grants, revenue subsidies, or tax relief. The State can decide which form of tenure it wishes to encourage and arrange subsidies and benefits accordingly."

In a small but uniformly rich group of European countries, the funding and development of co-op housing is as institutionally entrenched as the subsidising of home ownership in Australia.

The West German system has been in operation since the end of the nineteenth century, and currently accounts for 30 per cent of the housing in the country. The system is national in scope with nearly 1500 local associations, 10 regional centres and a central national organisation called the Head Federation.

In Sweden, co-ops were responsible for 12 per cent of all new dwellings constructed in 1972. Sweden has two national co-operative housing systems. The largest of these, HSB, has 350,000 members and 225,000 dwellings in 90 local societies.

The British report identified two key factors as necessary in the development of a successful financing system. The first relates to the level of subsidy.

In Britain, Canada and the US, subsidies to co-operative housing have been regulated to apply to only those in housing need.

Not so in West Germany and Scandinavia.

In Sweden, the national co-op organisations receive money for housing at below market interest rates, whereas home buyers and builders do not. Successive Swedish governments have pursued this policy because they are ideologically committed to the belief that non-profit housing such as that provided through the co-ops is socially better than profit-making home ownership and private market renting.

As Pugh said these European countries have "institutionalised idealism", and push co-op housing for all income groups — not just for low income groups as in English speaking countries.

The second factor in financing a successful co-op housing movement is identified as making the delivery of the subsidy as simple as possible.

It has been argued that one of the major retardants to the growth of co-ops in Britain has been the complex and incomprehensible funding provisions which have required the growth of expert organisations — such as the Greater London Secondary Housing Associations Ltd — to untangle the mess for the ordinary person.

Subsidies to home owners at least have the virtue of simplicity. And as the Scandinavian and West German experience have shown, it is possible to provide funds for co-op housing without introducing an expensive and complex control system.

Overseas experience demonstrates that to get State commitment to co-operative housing requires national, mass-based movement in which tenant associations and trade unions work together.

This scenario was present in Scandinavia and West Germany, and despite the

size and range of co-ops, the roots of co-op organisations in these countries are still tied firmly to tenant associations and trade unions.

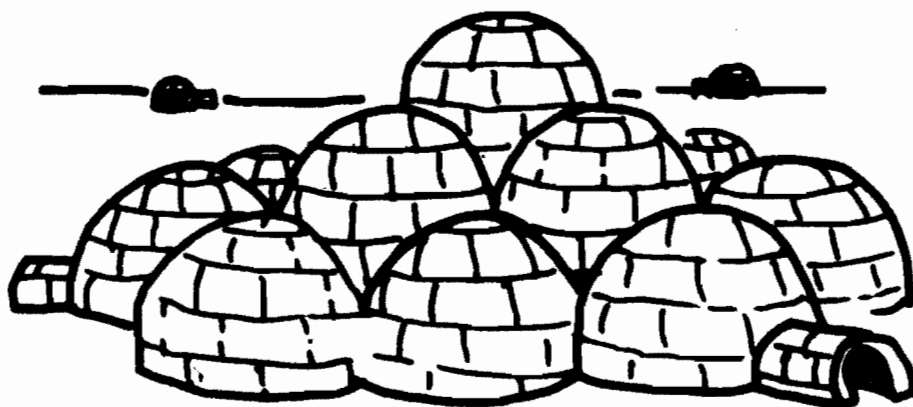
Canada has been the English-speaking country most successful in promoting the use of co-ops.

The Co-operative Housing Federation of Toronto claimed that the impetus for co-ops in recent years came from a joint, national committee established by the Canadian Labour Congress and the Co-operative Union of Canada. In 1970, this committee established the Co-operative Housing Foundation of Canada, a national resource and lobby group which also involved churches and credit unions.

The Foundation concentrated on lobbying for legislative changes which would facilitate the financing of non-profit housing co-ops. In 1973, they won a series of amendments to the National Housing Act which provided preferred rates of financing for non-profit housing co-ops.

It is interesting to note that from the date of the first rental co-op in Canada in 1936 to 1973, only ten were set up. Since 1973, hundreds have been set up — with 60 alone in Montreal.

GIB WETTENHALL



Oh my god, it's a co-op!

BRENT C.D.A. LONDON

The Brent Co-operative Development Agency (C.D.A.) in London, where I worked from the time of its formation in 1980 into 1981, has some cogent lessons to be learnt in the light of the steps being taken in Victoria at the present time to form our own C.D.A.

The basic strength of the C.D.A. came from the small group of people who initiated the project, which included several lawyers from the Brent Law Centre, the Local Trades & Labor Council and the Tenants Associations.

Agency Objectives

They formulated the aims which were to form the basis for all the future planning of co-operative development in Brent. I suggest we adopt these aims as our own. They are as follows:

- (1) Provide information about co-operatives.
- (2) Act as a source of general assistance and advice.
- (3) Act as a means of access to specialist skills.
- (4) Help prepare feasibility studies.
- (5) Assist in the preparation of briefs for co-operative projects, including applications to funding bodies.
- (6) Provide management support for co-operatives.
- (7) Be a focus for mutual support between co-operative ventures.
- (8) Actively promote co-operatives and co-operative ideals, and to increase public understanding and confidence in co-operatives.
- (9) Provide certain services such as legal, accounting and marketing, and also basic research skills of analysing and organising relevant data and information.

Structure

The C.D.A. had a Committee of Management which comprised representatives of co-operatives and of the major voluntary organisations in the Borough, the Brent Trades Council (our equivalent of the ACTU or Trades Hall) and the Federation of Tenants and Residents Association, with representation from the Local Authority. The four staff were employed by the Committee.

This structure enabled the embryo co-operators to create immediate close relationships with this emphasis on voluntary management. And of course,

the co-operators could become involved in the management process.

So the CDA was a "focal point" for co-operative development in Brent, which covered a population of 2 million people.

The main area of concern for management, after the Agency was set up, was the selection of priorities. The Agency had to select areas of activity and particular projects that were to benefit from intensive help. We were guided by people who had "been there before". There was a balance between the various interest groups which resulted in a sensible utilisation of the available resources.

The Management Committee derived its authority from a general membership operating within the structure of the CDA Constitution.

The number and types of beneficiaries covered the broad spectrum. This enabled the development of a strong co-operative thrust in the fight to rehabilitate and maintain those areas suffering economic deprivation and social stress. There was a strong emphasis on helping ethnic minority groups.

The CDA was properly monitored and evaluated. As far as possible the CDA was continually being assessed in relation to the objectives and aims of the agency. The Co-operatives and other CDA's set up a reporting system which analysed information relating to the CDA's activities.

The funding was made by application to the Brent Council who in turn applied to the British Government through the Department of the Environment. Funds were available to municipal government under the Inner Urban Areas Act. The co-operative development which took place at a local level in Britain during the late seventies and early eighties was largely due to this sponsorship. Councils controlled by the Labor Party supported this development whereas Tory Councils tended to use the funds for other purposes.

The Budget allowed for four employees at Local Authority Award rates amounting to 40,000 pounds p.a. Also, suitable capital allowances were made for building costs and alterations, professional fees, furniture, equipment - duplicator, photo copier, stencil maker, four typewriters, calculators and telephones, basic library and stock such as stationary supplies. Now capital recurrent expenditure included wages, rent, heat, light, telephone, stationary, post, travel, audit costs, insurance, maintenance of equipment, cleaning, contract typing, courses, subscriptions, consultancy, professional fees and office maintenance. Capital costs were expended in the first year of operation whereas the recurrent expenditure was for three years, renewable on basis of satisfactory performance.

With this structure and the available resources the CDA soon became a focal point for cooperative development and economic regeneration in Brent. It soon made inroads into retarding the destruction of the urban infrastructure in Brent. Now it is firmly established lending assistance to numerous groups within Brent, London and Britain.

I suggest we use this model for our CDA. It is innovative and proven. Its continual success in England in a much harsher economic environment suggests a natural application to Victoria's situation.

DAVID WHITCHURCH

National Co-operative Housing Conference June 17/18/19 1983 Melbourne University Union Building

Aims of the conference

The idea of holding a National Co-operative Housing Conference originated at a workshop held during the Australian Housing Conference. A National Meeting on co-ops in Adelaide in late 1982 started planning for it. They saw this conference as having the following aims:

- To develop and promote co-op housing policies at the national level.
- To provide a series of workshops on co-op housing establishment and management.
- To build a broader base for the co-op housing movement, from among unions, church groups, welfare groups and the co-op sector.
- To develop a greater sense of unity and purpose among co-ops throughout Australia.
- To consider proposals for a national organisation on co-op housing.
- To influence the attitude of Governments in those states which don't fund housing co-ops.
- To identify particular directions for how and where the co-op housing movement should develop in Australia.
- To strengthen and promote tenant member involvement in their own co-ops and in the movement.
- To adopt a set of co-op housing principles.

Cost of the Conference is \$10 (pensioners/students/members of community organizations); \$50 workers. Make cheques payable to National Co-op Housing Conference.

For more information contact C.H.A.S. at 80 Johnston Street, Fitzroy.



- Birthday congratulations to 3CCC who celebrated their first birthday on Anzac Day Weekend. To mark the occasion a weekend-long radiothon was staged and as part of the celebrations a live rock concert — featuring local bands, 'Special Guests' from Daylesford and 'Vicious Rumours' from Castlemaine — kept the large assembled crowd on its toes. Lavish give-aways and continual live music in Studio 2 kept pace with the exuberance of the birthday festival.

Listeners need have no fears of success leading to complacency however. Goldfields Radio continues along its innovative path, having recently launched a region-wide song-writing competition in Central Victoria. The prize is a trophy and a lucrative recording contract with one of two local recording studios. As it's planned to be an annual event we might well find the Eurovision Song Contest relegated to second billing in the dreams of aspiring composers.

- Good news also from another country co-operative. The Ballarat Employment Co-operative, better known as the Central Victorian Tree Planting Service, was recently successful in its application for funds under the Employment Initiatives Programme. The grant of \$98,794 enables the co-operative to take on seven additional workers to implement the Yarramee Creek Rehabilitation Project. The scheme has now been in operation for two months, with workers clearing extensive areas of weed growth and taking preventative measures to arrest soil erosion. During its eight months duration, 9000 trees will be planted. What with the country now at last beginning to emerge from the long devastating period of drought and the renewed interest in farm ecology, the co-operative is looking forward to a busy period ahead.

- Speaking of the Ballarat Co-operative, it's worth noting that the group is half-way through an eight-week series of educational sessions organised by the Education and Training Unit. Topics such as "Appropriate Trees and their Establishment", plant ecology, history and philosophy of co-operatives and the Reading and Analysing of Financial Reports, are just some of those being convened in a regular three hour session every Wednesday morning. Speakers from the Australian Conservation Foundation, and the Ballarat College of Advanced Education are participating along with accountant Mr Tony Rabelle and members of the Education and Training Unit. By all accounts the sessions have been well received and the Unit is keen to hear from other groups interested in knowing more of how such an approach could work in the case of their own co-operative.

- Hodja Educational Resources Co-operative released three new titles in the new year and with sales figures for the March quarter almost twice the projected amount multicultural literature is undoubtedly in demand. January saw the completion of Hodja's festival series, having traced the development of different calendars through the various ways different cultures celebrate occasions such as New Year, Christmas etc. 'Flags', a poster of 20 national flags was also issued, containing a set of coloured posters portraying their history and symbolism. Most notable of all perhaps was the publication of *Diversity and Diversions*, an annotated bibliography of Australian ethnic minority literature. It was very successfully launched at the "Prejudice in the Media" conference in Adelaide at the end of January. Encouraged by the public's obvious enthusiasm for the products Hodja have put together a package of six titles or seven titles listed in the Bibliography and are planning their extensive promotion — in association with the Association of English Teachers in Australia — in the coming months.

- Marketing is certainly one area of the co-operatives' activities which is showing marked improvement just about wherever you look. Bootstrap Trading Co-operative is a good example of the new approach. The second week of February found co-operative members venturing forth to Sydney to display their wares at the Sydney Trade Gifts Fair. Held at Centrepont for over five days, the convention boasted 210 stands with Bootstrap leaving a strong impression of quality and value. The co-operative took the opportunity to kick off its new range.

If you haven't seen it yet and are interested in perhaps stocking the Bootstrap products, give George Bunk a ring on (054) 612 050.

- Should you ever have reason to call into the Education and Training Unit's premises in Cardigan Street, you will find a very good sample of the work of the Williamstown co-operative Public Images. The group is presently painting — along with a hundred eager assistants — the Hopkins Street fence of St Monica's Primary School, depicting the history of St Monica's in relation to the Footscray district. And if that isn't enough — painting is to commence in a few weeks on a mural at the Winlaton Remand Centre at Nunawading. The Winlaton project is being funded by the Ministry for the Arts.

MIGRANTS IN THE WORKFORCE

In the current economic climate a good deal of discussion and debate has and is taking place about the impact of the recession and the relative employment position of various sections of the community.

Migrants, who make up a large section of the workforce have also been greatly affected by the economic recession, although in their case they are particularly vulnerable because of the nature of the process of migration and their disadvantaged position in the labour force when compared to the Australian born population.

Available data and information show that:

- Unemployment rates among migrants are much higher than the rates for the Australian born population;
- Non-English speaking (N.E.S.) migrants are heavily concentrated in manufacturing and construction industries — which are also the industries that are particularly hard hit by the recession and structural changes;
- Hidden unemployment is disproportionately concentrated among migrants, and so on.

These and other issues related to migrant labour force participation/non-participation will be the subject of a special seminar on July 19, being organized by the V.O.C. As a prelude to the seminar, the V.O.C. is also preparing a special supplement to its "Bulletin" about migrants in the workforce.

For further information about the seminar contact:

ERIK LLOGA

V.O.C. Phone: 347-7611 Ext: 256/257.

CO-OPERATIVES

A tool for social change?

HERE FOLLOWS A PROGRAMME OF THE EVENTS THAT WERE:

Friday Evening

8.00 Showing of **Jobs on the Slide** a new audio-visual resource looking at the changing teenage job market over the past ten years.

Saturday

9.30 Choice of three sessions:

- A. Co-operatives and industrial democracy
- B. Trade Unions and Co-operatives
- C. Introduction to general industrial issues followed by:

11.00 Plenary session — Industrial possibilities and problems posed by co-operatives.

12.30 Address to the conference by the Hon. Mr. J. Simmonds M.P., Minister for Employment and Training.

2.00 Choice of two sessions:

- A. Co-operative achievement, worldwide
- B. Structure and purpose of co-operatives

3.30 Plenary session — Are co-operatives a tool for social change?

7.30 Viewing of two new video tapes: **Not only to save our jobs and New Technology, Whose Progress?**

Sunday

9.30 Choice of three sessions:

- A. Financial commitment to co-operatives
- B. Co-operative management — collective decision making
- C. Commitment to the 'Co-operative Ideal'.

11.00 Plenary session — What is the basis of our commitment.

12.30 Close.

CONTRIBUTIONS WANTED

Has your co-operative submitted material to a recent edition of the **Co-operative Review**? We seek involvement from co-operatives and hope to publish your material or pursue areas you express interest in.

Please do phone Karina at the VOC (347 7611 ext. 256) with ideas for material for future editions

GEELONG COMMUNITY CO-OPERATIVE

In Geelong our Co-operative is well underway with the commencement of our first worker, Ben O'Hagan. Ben was involved with the now defunct Geelong Adolescent Centre, and his expertise in screen printing and Art and Design will be a great asset to our Co-operative.

The Board of Directors are currently considering a number of proposals regarding our future activities. They range from general community contracting to pallet repair and manufacturing.

The Board is also considering a recommendation from myself in relation to the workers buying shares out of earnings on a regular basis to provide the long term working capital of the Co-operative.

I gathered from the Lorne Conference that most of the participants agreed on the principle that a worker should be strongly committed to the philosophies and concepts of his or her Co-operative. I feel such a commitment should be more than a verbal platitude and one of the most constant criticisms one hears from Private enterprise employers against worker participation is that:

- a) The worker doesn't care,
- b) The worker doesn't have any financial stake in the enterprise.

I seek to answer both those criticisms. It will be interesting to see if my recommendation is accepted by my Board. I would also welcome your opinions.

Two ideas that I feel would considerably strengthen the Co-operative Movement would be an interlocking network of participatory Co-operatives (interlocking both on a social as well as a business level), to market or merchandise another Co-operatives' product (or services) and vice versa; and a workers exchange scheme, whereby a worker would work for a given period (of say a week) in another Co-operative to gain some experience in a particular field or even just to observe how another Co-operative functions. This would of course be on a reciprocal basis. Your comments on both these ideas would be welcome.

I thought the Lorne Conference a great idea and I for one learnt a great deal about the Co-operative movement. I did feel however that the subject matter - Co-operatives, a Tool for Social Change? - was perhaps too broad and, for me anyway, the question was left unanswered.

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Conference

Friday Feb 11-Sunday Feb 13, 1983

Erskine House, Lorne, Victoria

Hodja went to the Lorne Conference with the intention of returning on Saturday evening. We were caught up in the writing of our 1983/84 Business Plan and had reserved Sunday for the preparation of figures necessary for a Board meeting the next day.

By lunchtime on Saturday, we had decided to stay for the entire conference.

There was a good feeling about the morning sessions on trade unions, industrial democracy and the following plenary session. And it was interesting meeting workers from other co-operatives; some we had met before, others new to their co-operatives and/or the CDP.

The weekend conference established a firm starting point for further associations of this kind. I believe it is important for the program as a whole to come together in such situations to exchange ideas and experiences. Now that the CDP is in its third year, many of the earlier funded co-operatives have gone through the initial teething problems of establishment, accountability and coming to terms with viability. There is more energy now to look beyond the day-to-day operations of our own groups - to learn from others and to consider the importance of the co-operative movement itself.

And apart from all this... the water was great, the surroundings peaceful, the frisbee sessions energetic, and the company friendly. We're just sorry we didn't take our tennis raquets!

SUSAN WATSON
Hodja Educational
Resources Co-operative Ltd.

I would definitely like to see more such seminars and if expense doesn't permit more than one per year, perhaps one's own Co-operative or each individual could make some financial contribution to allow more than one per year to take place. To me it would seem a cheap investment to ensure the success of the Co-operative Movement.

We are presently operating out of a huge building in West Geelong owned by the Boys Employment Movement. This was a Movement established in 1932 to create activities for the unemployed youth in those days. (What's changed?) It's a huge building on three levels with approximately 10,000 square feet and two street frontages.

Geelong of course is a fabulous place in which to live with all the conveniences of a big city but without many of the hassles. It has excellent shopping facilities, great wide streets, interesting streetscapes, fascinating history, and a wide variety of beaches within fifteen minutes drive. Regretably, it also has one of the States highest unemployed which is estimated to be currently around fifteen percent.

It's hoped our Co-operative will be of some benefit in relation to that problem.

That's about all from Geelong for now. Hope if anyone's ever passing through you'll call on us. We would be more than happy to see you. Coffee is always on tap.

Regards,
HARRY BUSKENS



ISSUES FOR CONSIDERATION . . .

On 12 February 1983, the Minister for Employment and Training, the Hon. J. Simmonds, stated *inter alia* that the Co-operative Development Programme was supported because: "I believe it addresses two major issues — long term job creation and democratic work organisation. The viability of co-operatives is the essential element of the first. Strong links with the labour movement are necessary for the second." Mr Simmonds went on to state that: "The programme has shown that developing a viable co-operative business is difficult and exacting. The programme is attempting to establish whether or not it is possible to establish worker and/or community co-operatives. The marrying together of the two concepts — co-operative and business — is essential. Without this marriage, the co-operative programme would, in my view, be futile."

A Discussion Paper has been prepared by the Ministry's CDP unit for co-operatives funded under the programme. The paper has the following purposes:

- Provide a statement of objectives, assumptions and issues by the Ministry's CDP unit.
- Provide a concrete basis for funded co-operatives to respond to these objectives, assumptions and issues.
- Provide the Ministry, the Evaluation Steering Committee and the evaluators with these direct responses.

The material that follows is extracted from the Discussion Paper. For space reasons three areas covered in the Discussion Paper have not been included in the Review — Loan and Grants, Business Consultants and the Funding Committee.

The critical overriding objective of the programme is the establishment of viable co-operative business enterprises. The basis of funding, therefore, has rested on two inter-related considerations:

1. The co-operative commitment and understanding of an applicant group. In considering applications a critical consideration has been evidence of a common ideological commitment, a shared value system and a group cohesiveness and/or self-management. While these commitments have not necessarily been specific to a co-operative structure, they have provided an ideological, value and group consensus which are critical to organisational development. It is critical to establish whether or not the actual

and/or proposed business will operate with co-operative principles and practices.

2. The business performance and/or potential of the applicant group. Funding is based on the potential economic viability of co-operatives. There has been no dogmatic definition of viability and it is assumed that this depends on what level of ongoing profitability is required for long-term survival. Commercial viability potential and commitment has been considered essential. It is relatively easy to democratise workplaces that are under-utilized, relatively unproductive and inefficient. A real test, however, is when democratisation occurs in co-operative enterprises which are committed to and demonstrate increasing commercial viability. Assessment of business performance and potential has been expedited when co-operatives have already established a business. Assessment is more difficult when the business is proposed.

The importance placed on social and political objectives by the programme has not always been understood. Yet, the co-operatives funded do have significant and varying political and social objectives and commitments e.g. wholesome food, the Women's Movement, conservation and ecology, community access, the gay community and worker control. The evidence of who has been funded demonstrates by fact rather than assertion that politically and socially based co-operatives are eligible for funding. Politically and socially committed groups who demonstrate a commitment to achieving commercial viability have been funded.

Funding and technical assistance is provided to worker and/or community-based co-operatives. If a co-operative demonstrates a continuing commitment and compliance with the programme's objectives and funding conditions — the marrying of co-operative and business principle and practice. All the co-operatives are expected to demonstrate a commitment to industrial democracy (worker ownership and/or control and/or participation) and long-term job creation.

Business Plans

The basic requirement for any funding application is the preparation of a business plan which includes objectives, proposed products and/or services, an organisational and management structure,

an education and training plan, period - a balance sheet, profit and loss and cash flow statements. The business plan is critical to the survival and viability of co-operative business enterprises. The planning process of preparing a business plan enables co-operatives to identify and analyse objectives, resources and priorities systematically and to consider optional organisational, financial and marketing strategies. The plan outlines how the co-operative will be organised and managed e.g., collective decision-making. The preparation of a business plan needs to be understood and accepted as a democratic planning process during which the co-operative members and/or workers reach an understanding and consensus on the co-operative's objectives and strategies. The business plan also needs to be seen as a planning document prepared by a co-operative to guide its operations and, therefore, provide all members and/or workers with a basis for subsequent assessing organisational and economic performance. This assessment is formalised through quarterly reviews and monthly financial statements.

Funding Guidelines

The programme's funding conditions serve five complementary objectives:

1. Ensuring that the objectives of the programme are being met.
2. Accountability to the Ministry for the expenditure of public monies.
3. Encouraging sound co-operative business principles and practices. The procedures required are more sophisticated than those adopted by most small business enterprises.
4. Developing alternative business enterprises with varying social and political objectives.
5. Providing a basis for the democratisation of work e.g., through the preparation and analysis of business plans, quarterly reviews and monthly financial statements.

The funding conditions need to be seen within the context of these five complementary objectives.

Funding condition implementation has been flexible - resulting in an expansion or contraction of conditions depending on the economic progress, organisational development and accountability of co-operatives. In the first 18 months of the programme considerable leeway was permitted in implementing the standard funding conditions. Throughout 1981, therefore, some groups were not providing monthly financial statements. The requirement for monthly statements was, however, enforced in 1982. While their enforcement has varied, the standard conditions have not been varied because of the assumed merit of the conditions, the need to ensure relevant

and appropriate accountability and consistency.

Additional funding conditions may be introduced when co-operatives are originally funded due to actual and perceived discrepancies in business performance and the business plan and/or an inability to consistently comply with program objectives and funding conditions e.g., the preparation of education and training plans, developing a policy on co-operative equity, developing a marketing plan, and the provision of fortnightly co-ordinator reports. Payment schedules for co-operatives are also dependent on accountability and/or economic performance.

Equity

Equity is the ownership of capital. Membership equity in a co-operative is the number of shares held by members of the co-operative.

Membership equity indicates the extent of financial commitment of co-operative members. But, then, equity reflects the income and wealth of members rather than a co-operative commitment. This wealth problem is recognised by the co-operative movement which provides that co-operative members exercise one vote irrespective of shareholding. A further democratic limitation provides that the maximum number of shares held by any one shareholder is 20%.

A significant objection to requiring co-operative members/workers to develop any substantial equity is that it encourages the development of little and/or workers' capitalism and, therefore, encourages competition and individualism rather than co-operation and co-operative development. It could be argued that if the purpose of requiring substantial equity is to demonstrate commitment, then there are alternative and complementary ways of demonstrating this commitment. While member and worker commitment is crucial in determining survival and viability, equity is a measure and not proof of this commitment. Alternative ways of demonstrating commitment include the raising and acceptance of loans, unpaid voluntary time and long-term involvement in the co-operative.

Co-operative Units

A Co-operative Business Unit was established at the Co-operative Federation of Victoria in July 1981. The Co-operative Education and Training Unit was established at the Vocational Orientation Centre in June 1982. Discussions are now proceeding between the two units on their possible amalgamation into one unit. If the units are amalgamated, then, a number of issues will need to be resolved including:

- Auspice
- Functions
- Staffing needs and priorities
- Resource needs and priorities
- Accountability

The two units were established independent of the Ministry because it was believed that this would provide a sounder base for the long-term development of co-operatives, and provide for the eventual establishment of Co-operative Development Agency controlled by the Co-operative Movement or a sector of the Movement.

The appropriate auspice for an amalgamated unit could be the Co-operative Federation of Victoria but not necessarily. In considering auspice, it would be necessary to consider similarities and differences between the traditional and new co-operatives and whether or not the differences are significant enough to justify an independent auspice.

If the traditional and new co-operatives differ significantly on issues such as trade unions, the labour movement, industrial democracy and long-term job creation, then, it may be mutually beneficial for an amalgamated unit not to operate under the auspice of the Co-operative Federation of Victoria.

The overall functions of the Co-operative Business and Education and Training Units could be described as servicing and resourcing. Usage of the units and staff by the co-operatives varies considerably and has changed over time. Some co-operatives continue to make relatively extensive use of one or both units. Some co-operatives have initially used one or both units extensively but have subsequently reduced their usage of one or both units.

The success and viability of the co-operatives depends on the provision of adequate co-operative business and education services. This in turn, has depended on the two units successfully facilitating the ability of groups to identify desirable co-operative and business practices, recognise deficiencies in existing practices and, subsequently, seek appropriate assistance in remedying these practices.

It could be argued that some co-operatives have been over-protected by one or both units to the extent that problems have seriously deteriorated and it has only been belated Ministry intervention which forced a resolution of the problem. In other instances it could be argued that one or both units have over-served some co-operatives - continuing to provide services despite increasing inappropriateness of the continuation of these services.

DAVID GRIFFITHS

Ministry of Employment and Training.

FROM THE CO-OPERATIVE FEDERATION

1. Co-operative Strength in Victoria

At the February 1983 meeting, Council of the Co-operative Federation of Victoria noted the following statistics:

Co-operative Federation of Victoria through the Victorian Credit Co-operative Association. By increased inter co-operative services through the State's umbrella Co-operative organisation a more co-

comprehensive analysis of the history of Co-operation in Australia is a sad deficit on the Australian account. This research project of a valuable pioneer nature could also be used as a contribution to the Bi-centennial History of Australia.

At this point of time the thesis is proposed to examine, inter alia, the following areas:

- early Australian co-operation
- evolution of a Co-operative sector
- legislation and other institutional responses
- case studies
- extent of Australian Co-operation
- Australian Co-operation in the international area.

(Did you know Australia was represented at the formation meeting of the International Co-operative Alliance in London in 1895?)

It is anticipated research will be undertaken in each State. State Federations are being invited to assist not only in some contribution to local costs but also, more significantly, in provision of local knowledge from key personnel and to assist the researcher obtain the fullest background possible.

4. International Co-operative Alliance

Your Executive Officer attended a meeting of the Central Committee of this organisation in Rome in October 1982 representing the Co-operative Federation of Australia.

About 300 delegates and observers from 50 countries, the United Nations and other international organisations participated in the meeting. It was opened by the Prime Minister of Italy.

In addition to dealing with administrative matters, including financing of the organisation, a large part of the meeting was concerned with the transfer of the headquarters of the International Co-operative Alliance from London to Geneva. The headquarters has been in London since the establishment of the ICA in 1895 and this change represented a major administrative re-organisation.

The two main topics for discussion were concerned with International Co-operative Development Aid and consideration of "Co-operatives in the Year 2000". There was a lively discussion on this topic touching, amongst other subjects, on the importance of developing an International Co-operative Financial System, on mass media, on Co-operative education, on the role of women in Co-operatives, on provision of energy and emphasising the special needs of developing countries.

Co-operatives incorporated under the Co-operation Act 1981:

Type of Co-operative	Year Ending 1980	Year Ending 1981	Year Ending 1982
Producers	58	69	67
Trading	108	105	106
Community Settlement	29	29	29
Community Advancement	1022	1022	1038
Credit	213	207	207
Associations	5	5	5
TOTAL	1445	1437	1452

658 Co-operatives (including 644 Community Advancement Co-operatives) are operating under the terms of a Treasurer's Guarantee to banks or other approved funding bodies guaranteeing the repayment of loans made by such banks to those Co-operatives in accordance with the Co-operation Act.

In addition to the above, there are:

- 15 Co-operative Companies incorporated before 1953 under the Companies Act which elected not to transfer to become Co-operative Societies when the first Co-operation Act was introduced in Victoria.
- A further 6 Co-operatives continue under the Industrial and Provident Societies Act
- 1930 Co-operatives (Terminating Building Societies) are incorporated under the Co-operative Housing Societies legislation.
- 20 Permanent Building Societies with a Co-operative Capital Structure.

Principle 6 of the internationally recognised Principles of Co-operation states:

"All Co-operative organisation in order to best serve the interests of their members and their communities should actively co-operate in every practical way with other Co-operatives at local, national and international level".

If current Co-operative membership in the Co-operative Federation of Victoria is a criteria of adherence by Victorian Co-operatives to this Principle then by far the majority of them are falling short of practicing true Co-operation.

Credit Societies are affiliated to the

hesive, recognisable Co-operative sector would be developed and be identifiable in the State to the benefit of all Co-operatives.

2. Incorporation of the Federation

The Co-operative Federation of Victoria Ltd. was formally registered as an incorporated Federation under the Co-operation Act 1981 by the Registrar of Co-operative Societies on 8th February 1983.

The next task is to appoint the first Board of Directors. A meeting for this purpose has been called for 18th April 1983 in line with the Federation Rules. A notice to this effect has been sent to all members.

The Rules of the incorporated Federation, passed by members at the formative meeting and approved by the Registrar are in the process of being printed. They will be distributed to all members as soon as possible.

3. Co-operative Research

Council has been advised by the Co-operative Federation of Australia that the Australian National University has awarded a scholarship for a Ph.D. thesis to be developed, concerned with history, development and significance of the Co-operative sector in Australia.

The Co-operative Federation of Australia recognises that the absence of a

Work Co-operative Bibliography



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**an annotated list of resources
held at the V.O.C.
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